

## CITY OF ALLENTOWN

### ACCOUNTS PAYABLE WEEKLY CHECK REVIEW For the Check Period end date: 10/30 – 12/03/2021

**Date of Report: December 20, 2021**

#### OBJECTIVE

The objective of the weekly Accounts Payable check review is to determine whether the checks issued, and their corresponding documentation comply with the requirements of the policies, guidelines, and procedure outlined in the AIMs and to identify any areas for improvement.

Overpaid Travel & Expense Advances and their corresponding documentation are being reviewed to determine whether they comply with the requirements of the policies, guidelines, and procedure outlined in the AIMs and to identify any areas for improvement.

Effective 12/2020, outstanding invoices in EDEN over 30 days are being aged and reviewed to determine why they remain unprocessed and to identify any areas for improvement.

#### PROCEDURES

A review of all the checks generated for the period tested including a review of the invoices being paid and their corresponding documentation, approvals, compliance to AIMs and reasonableness of expenditure.

# Of checks reviewed and posted for the period: 444

\$ Amount of the checks reviewed and posted for the period: \$5,042,957.62

# Of manual checks reviewed and posted for the period: 47

\$ Amount of the checks reviewed and posted for the period: \$893,780.78

# Of unprocessed EDEN invoices over 20 days reviewed for the period: 0

\$ of the unprocessed EDEN invoices over 20 days reviewed for the period: \$0.00

A review of all the wires generated for the period tested including a review of the invoices being paid and their corresponding documentation, approvals, compliance to AIMs and reasonableness of expenditure.

# Of wires posted for the period: 10

\$ Amount of the wires posted for the period: \$2,050,738.90

## **FINDINGS AND RESOLUTIONS**

### **1. Wire Issues**

For Invoices Paid by Wires, the payment is made and deducted out of the City's bank account. The invoice must be entered in EDEN, go thru the EDEN approval queue, and finalized in EDEN before the expense automatically posts in the General Ledger.

In November 2021, the Controller:

- Rejected 3 (three) HUMAN RESOURCE (HR) wires totaling **\$1,466,828.89**.
  - 1 (one) wire was rejected by AP for being in the wrong queue for approvals.
  - 2 (two) wires were rejected for having the wrong invoice dates.
- Returned 2 (two) HR wires totaling **\$2,730.75**. The description for both wires was incorrect.

These types of issues have been addressed several times with HR.

#### **Resolution**

The issue was reported, and no further action was taken.

### **2. AIM Violation**

Per AIM 3-1-02, Section 7.2,

“Completion... The Travel Expense Report (TER) will be completed by the employee within five (5) working days after returning to work...”

We identified 1 (one) conference where the Financial Analyst's travel was completed on 09/29/2021 but the TER was not completed until 10/19/2021.

#### **Resolution**

The proper policy was reiterated to Finance.

### **3. Late Fees Paid**

We identified:

- 1 (one) FINANCE check which included a late payment fee of **\$172.14**. –  
Due to the vendor changing their electronic billing system, budget, and re-distribution of duties within the Finance Director's Office this invoice was processed late.
- 1 (one) FIRE check which included a late payment fee of **\$2.01** and **\$2.14** for 10/2021 and 11/2021 invoices. –

The 10/2021 bill was entered on 09/27/2021 and payment went out on 10/01/2021 for a bill that was due 10/07/2021. The 11/2021 bill was entered on 10/26/2021 and payment went out on 10/29/2021 for a bill that was due on 11/04/2021.

- 1 (one) POLICE check which included a late payment fee of **\$2.36.** – The vendor keeps sending the invoice to the wrong location.

#### **Resolution**

All Bureaus were advised of the issues and the checks were released:

- FINANCE worked with IT so Outlook will let the vendor's invoices come through, budget is nearing the end for this season and next year there will most likely be another re-distribution of duties.
- FIRE will contact the vendor and request a credit for the late payment.
- POLICE emailed the vendor to have them update the account.

#### **4. Unsubstantiated Charges on Invoices**

We identified:

- 1 (one) POLICE invoice for **\$75.00** for 1 (one) "custody" tows of 1 (one) vehicle. Per the contract, city cars are towed at 1/2 price and impounded cars are towed gratis.
- 1 (one) FIRE invoice for **\$98.04** which included a service charge of **\$66.83.** Historically the service charge has been \$29.97. FIRE could not explain the variance.

#### **Resolution**

- POLICE was advised of the issue and has contacted the vendor for clarification of the charge. The check was voided and will be reissued when a vendor response is received.
- FIRE was advised of the issue and has contacted the vendor for clarification of the charge. Due to the amount, the check was released.

#### **5. Incorrect Expense Account Used**

STREETS charged a portion of 1 (one) invoice totaling **\$49.80** for "VARIOUS TOOLS & SUPPLIES" to AC 68 – Operating Material & Supplies. The expense is budgeted and should be charged to AC 54 – Repair & Maintenance Supplies.

#### **Resolution**

All Bureaus were advised of the issues:

STREETS – A journal entry correction will be submitted.

#### **6. Untimely Payment of Invoices**

Although not all vendors have the same payment terms, the prevailing vendor payment terms is net 30.

Currently, the City does not have a standard for the time frame invoices must be entered in EDEN, go thru the EDEN approval queue, and finalized for payment.

Although there is no City standard for the invoice payment process, the Controller's Office uses a 60-day measure to flag any potential untimely invoice payments.

Untimely payments may result in:

- Missed discounts,
- Vendor imposed late fees,
- Possibility of the City's account being placed on hold, and
- Additional workload with the vendor's Accounts Receivable and the City's AP departments.

We identified:

- 1 (one) check for 1 (one) BUILDING STANDARDS & SAFETY invoice dated 02/2021,
- 2 (two) checks for 2 (two) PLANNING & ZONING invoice dated 02/2021 and 09/2021,
- 2 (two) checks for 2 (two) EMS invoice dated 04/2021 and 08/2021,
- 7 (seven) checks for 8 (eight) PARKS invoice dated 07/2021, 08/2021, 09/2021 and 10/2021,
- 1 (one) check for 1 (one) HUMAN RESOURCE (HR) invoice dated 07/2021,
- 2 (two) checks for 2 (two) POLICE invoice dated 08/2021 and 09/2021,
- 1 (one) check for 1 (one) CITY CLERK invoice dated 08/2021,
- 2 (two) checks for 3 (three) FINANCE invoices dated 08/2021,
- 2 (two) checks for 2 (two) TRAFFIC PLANNING invoice dated 07/2021 and 08/2021,
- 1 (one) check for 1 (one) COMMUNITY & ECONOMIC DEVELOPMENT (CED) invoice dated 09/2021,
- 1 (one) check for 1 (one) STREETS invoice dated 09/2021,

### **Resolution**

All Bureaus were advised of the issues and the checks were released.

BUILDING STANDARDS & SAFETY – BUILDING STANDARDS & SAFETY was unaware of the invoice until recently.

PLANNING & ZONING –

- 02/2021 Invoice: The invoice was submitted for payments months after it was due. When the invoice was initially entered, it was realized that the PO was erroneously completed by someone else. After some time back and forth of determining how PURCHASING wanted to move forward it was decided that the invoice be entered as regular invoice and reference the PO in the description.
- 09/2021 Invoice: The invoice may have been missed and the consultant followed up. It was put it through as soon as the error was noticed.

EMS –

- 04/2021 Invoice: The invoice was entered very late as it was never approved by the previous EMS Chief of Operations.
- 08/2021 Invoice: EMS had a lot of difficulties getting the invoices from the vendor. EMS finally received it on November 1st.

PARKS –

- 07/2021 Invoice: PARKS had a hard time getting the invoices from the vendor.
- 08/2021 Invoice: Accounts Payable did not receive this invoice until 10/15/21.
- 09/2021 Invoice: The invoice was missed.
- 08/ & 09/2021 Invoices: The vendor did not send the invoices until the day received which was 11/10/21.
- 09/2021 Invoice: The vendor issued the invoice but never sent it over. Once the invoice was received, it was processed in the EDEN receiving module.
- 09/2021 Invoice: PARKS had to wait for an updated invoice from the vendor for testing at an additional location. Unfortunately, they didn't change the date on the invoice to reflect that.
- 10/2021 Invoice: The invoice was not received until 11/29/21.

HR –

- 07/2021 Invoice: The invoice was received late by the vendor, once received on October 7<sup>th</sup>, HR was unable to process due to the funds in the AC 50 being frozen by Finance. A change order for the PO was requested but HR was unable to process it due to receiving messages stating that the account was over budget when it was not. Funds were available in the PO for first contact. Once the freeze was removed from the account Eden allowed for the invoice to be processed

POLICE –

- 08/2021 Invoice: RISK Management contacted the vendor for any outstanding invoices.
- 09/2021 Invoice: When the invoice was entered for receiving POLICE entered it incorrectly.

CITY CLERK – The order was not complete. City Clerk was calling for an invoice for the received order since the beginning of September. The invoice was finally received on 11/1/21.

FINANCE –

- 08/2021 Invoice: The merchandise wasn't received in Eden until 11/2/21. AP processed the invoice when they saw the po was on the receiving report.
- 08/2021 Invoice: The City was invoiced prior to finalizing the items ordered.

TRAFFIC PLANNING –

- 07/2021 Invoice: The original invoice needed to be revised. The revised invoice was never received.
- 08/2021 Invoice: When the items were received, and TRAFFIC PLANNING gathered the back-up paperwork the invoice was paid.

CED – CED entered the invoice for payment as soon as it was received from AP.

STREETS – STREETS paid the invoice as soon as it was received.

## 7. **Missed Discount**

We identified 1 HEALTH transaction with a vendor who offered a discount of 2% (\$32.22) if the invoice was within 30 days. The invoice was paid within 30 days, but the discount was not taken.

### **Resolution**

AP was advised of the missed discount. The check was voided and reissued less the discount.

## 8. **Documentation Not Attached in EDEN**

To provide a proper audit trail and document the expenditure, the hard copy of the invoice and all pertinent payment information is scanned and attached in EDEN.

For the period 10/30 – 12/03/2021, the following departments did not have the proper documentation attached in EDEN:

- AP– 2 (two) instances,
- CED – 1 (one) instance,
- BUILDING STANDARDS & SAFETY – 1 (one) instance,
- HR - 1 (one) instance, and
- RECYCLING AND SOLID WASTE - 1 (one) instance.

### **Resolution**

All Bureaus were advised of the issues and the proper documentation was scanned.